

Message Text

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51

ACTION OES-04

INFO OCT-01 EUR-12 ISO-00 ACDA-05 FEA-01 AID-05 CEA-01

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INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-06 SAM-01 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01

PRS-01 /097 W

----- 097151

R 271728Z JUN 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9152

INFO ERDA GERMANTOWN

NRC WASHDC

AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: TECH

SUBJECT: PRESIDENTIAL ANNOUNCEMENT ON US URANIUM ENRICHMENT
CAPACITY

REF: STATE 150290, BONN 10448

1. MISSION INFORMED EUROPEAN COMMISSION OF ANNOUNCEMENT IN REFTEL
AND GENERAL REACTION IS FAVORABLE ALTHOUGH ABSENCE OF DETAILS
MAKES THIS ENTHUSIASM POSSIBLY A SURFACE REACTION. EURATOM SUPPLY
AGENCY USED OCCASION OF CONTACT ON SUBJECT TO VENT SOME IRE
ON NUCLEAR FUEL SUPPLY PROBLEMS WITH ERDA AND NRD. END SUMMARY.

2. AMBASSADOR GREENWALD INFORMED SOAMES WHILE VISITING HIM ON
ANOTHER MATTER. SOAMES TOOK THE ANNOUNCEMENT AS A REVERSAL OF
OUR EARLIER POLICY ON URANIUM ENRICHMENT AND INDICATED IT WAS A
USEFUL STEP FORWARD. SOAMES INSTRUCTED HIS STAFF TO INFORM
SIMONET'S OFFICE AS THE LATTER GROUP WAS IN LUXEMBOURG FOR THE
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PARLIAMENT DISCUSSIONS OF ENERGY AND RESEARCH.

3. OBOUSSIER OF THE EURATOM SUPPLY AGENCY TREATED THE ANNOUNCEMENT AS MERELY REAFFIRMATION OF THE PREVIOUS POLICY BY THE ADMINISTRATION. HE POINTED OUT THAT ALL REQUIREMENTS FOR ENRICHED URANIUM HAD BEEN SATISFIED FOR REACTOR PROJECTS ALREADY COMMITTED AND ANTICIPATED DURING THE NEXT FEW YEARS. THIS WAS MAINLY DUE TO THE US CONTRACTING REQUIREMENTS INVOLVING AN 8-YEAR LEAD TIME WHICH FORCED EUROPEAN UTILITIES TO ORDER THEIR ENRICHMENT SERVICE ABOUT TWO YEARS PRIOR TO EVEN THE COMMITMENT TO BUILD THE POWER STATION. DELAYS IN COMPLETING EXISTING PROJECTS AND OBTAINING AUTHORIZATION TO START NEW ONES, AND THE REDUCED LOAD GROWTH DUE TO THE RECESSION WILL ALSO AFFECT THE NEED FOR ANY NEW ENRICHMENT REQUIREMENTS DURING THE NEXT FEW YEARS.

4. OBOUSSIER WAS QUITE FRANK IN REPORTING THE VIEWS OF UTILITY CUSTOMERS ABOUT THE CREDIBILITY OF THE US AS A NUCLEAR FUEL SUPPLIER IN LIGHT OF THE CONTINUING DELAYS IN OBTAINING EXPORT LICENSES FROM NRC. THIS REACTION WAS ONLY PARTIALLY RELATED TO THE REFERENCE ANNOUNCEMENT ABOUT NEW US ENRICHMENT PLANS. THE EURATOM SUPPLY AGENCY WAS ASKED TO INTERVENE ON BEHALF OF TWO GERMAN CUSTOMERS THIS WEEK. THE FIRST CASE IS ERDA BILLING OF NUKEM FOR HIGH ENRICHED URANIUM PRODUCED AND AVAILABLE FOR SHIPMENT AT OAK RIDGE WHILE THE CUSTOMER IS UNABLE TO MOVE THE MATERIAL DUE TO NRC'S PENDING ACTION ON THE EXPORT LICENSE (SEE EC BRUSSELS 05643). THE SECOND CASE IS A CUSTOMER HAVING TO PAY STORAGE CHARGES FOR NATURAL URANIUM PURCHASED FROM US COMMERCIAL SUPPLIERS DUE TO PENDING ACTION BY NRC ON EXPORT LICENSES. THE SUPPLY AGENCY AND IN TURN THE UTILITIES CONSIDER THEIR ENRICHMENT CONTRACT WITH THE US GOVERNMENT (THOUGH FORMERLY AEC AND NOW ERDA AS THE US GOVERNMENT AGENT) AND CANNOT UNDERSTAND OR ARE UNWILLING TO ACCEPT THAT ERDA AND NRC ACTIONS DO NOT REFLECT EACH OTHERS DECISIONS.

5. THE TIMING OF RECENT ERDA ANNOUNCEMENTS ABOUT "OPEN SEASON" ON URANIUM ENRICHMENT CONTRACTS AND NEW PRICE INCREASES FOR ENRICHMENT SERVICE HAVE CAUSED LITTLE REACTION BUT PROVIDED SOME AMMUNITION FOR GENERAL CRITICS OF US POLICY TO ACCUSE US OF TAKING ADVANTAGE OF THE ENERGY CRISIS AND OUR LIMITED OFFICIAL USE

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MONOPOLY POSITION. GREENWALD

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